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Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☒ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA Capital First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

Chapter 11

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

**USA SECURITIES, LLC'S SECOND
 REPORT OF ACTION TAKEN AND
 PROGRESS TOWARDS
 CONSUMMATION OF CONFIRMED
 PLAN OF REORGANIZATION
 (Affects USA Securities, LLC)**

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USA Securities, LLC (“USA Securities”), by and through its counsel, hereby submits this Second Report of Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization (“Second Report”). This Second Report is submitted pursuant to Article VIII, Section T of the Debtors’ Third Amended Joint Chapter 11 Plan of Reorganization (the “Plan”), Paragraph 74 of the Court’s “Order Confirming the Debtors’ ‘Third Amended Joint Chapter 11 Plan of Reorganization,’ as Modified Herein” (Docket No. 2376) (the “Confirmation Order”), and the Court’s Order dated April 30, 2007 (Docket No. 3627). The Plan became effective on March 12, 2007 (the “Effective Date”). USA Securities filed its First Report of Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization (“First Report”) on July 16, 2007, covering the period of March 13, 2007, through June 30, 2007. This Second Report covers the period of July 1, 2007, through September 30, 2007.¹

I. Summary of Resolution of Proofs of Claim Filed Against USA Securities

As of the filing of the First Report, USA Securities had resolved all of the proofs of claims filed against it with the exception of amended claims number 10729-00024, 10729-00025, and 10729-00026 all filed by the Pension Benefit Guaranty Corporation (“PBGC”). USA Securities filed objections to the PBGC’s claims on June 29, 2007, whereby USA Securities denied all liability on account of these claims. By Stipulation and Order dated July 27, 2007 (Docket No. 4232), the PBGC agreed to withdraw its claims against USA Securities with prejudice. Thus, all proofs of claim filed against USA Securities have now been resolved.

II. Summary of Resolution of Scheduled Claims

As discussed in the First Report, USA Securities is not required to make distributions on account of any of the claims originally listed on its Schedules.

III. Resolution of Motions, Contested Matters, and Adversary Proceedings

As of the filing of the First Report, all motions, contested matters, and/or adversary proceedings involving USA Securities had been resolved with the exception of (A) the USA

¹ Unless otherwise provided herein, all capitalized words and terms are defined in the confirmed Plan.

Securities Professionals' final fee applications, and (B) a "conditional" adversary proceeding which was filed by Compass against, in relevant part, all of the Debtors on July 7, 2007, designated as Adversary Proceeding No. 07-01105 ("Compass Proceeding").

a. Final Fee Applications. A hearing on the USA Securities Professionals' Final Fee Applications was held on August 7, 2007, and all matters related to those Applications were concluded at that time. The Court granted the USA Securities Professionals' Fee Application by Orders dated August 15, 2007, (Docket Nos. 4505 and 4506) and August 16, 2007 (Docket No. 4570). The Court also authorized USA Securities to make distributions to the USA Securities Professionals from the Ordered Expense Reserve, which distributions have been made. Therefore, there are no remaining issues with regards to the USA Securities Professionals' Final Fee Applications.

b. Compass Proceeding. USA Securities still has not been served with the Complaint in the Compass Proceeding. Compass, however, has recently informed USA Securities that it will be filing a notice dismissing USA Securities from the Compass Proceeding. Thus, this issue will shortly be resolved meaning that the USA Securities' estate can then be closed and USA Securities can be dissolved as an entity.

Respectfully submitted this 25th day of October, 2007.

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